Index

Abdul Majid, Abdul Rais 164
Abdul-Rahman, Yahia 426
Abu Zahra, Muhammad 45
AbuSulayman, A.A. 26
Accounting and Auditing Organization for
Islamic Financial Institutions (AAOIFI)
11, 132, 136–7, 156, 227–8, 304–8, 312,
373–5, 376–7, 390
accounting standards 11–12, 156, 302, 303–4
appropriate accounting rules for Islamic
financial services 304–7
impact on financial institutions 307–8
International Financial Reporting Standards
(IFRS) 302, 304, 307–8
Adam, Nathif 228
advance purchase (salam) 52, 87, 90–91, 92–3,
120, 121, 148, 153, 154, 155, 177, 259, 294,
298, 313, 354
commodity futures and 153
government borrowing and 294, 296
incentive compatibility and 87, 90–91, 92
money market instruments 165
trade finance and 177
adverse selection 314
agency theory 49
  governance of Islamic banks and 128, 129,
  318, 341
  Islamic financial contracts and 53–7, 85
agency (wakala) model of insurance 411–13
Ahmad, A.U.F. 96, 97, 107, 109, 339
Ahmad, I. 43
Ahmad, N. 397
Ahmed, Habib 339, 341, 342
Ahmed, Mahmoud 384
Ahmed, Shaghil 4
Akhtar, A.R. 134
Al Baraka International Bank 420, 430
alcohol 33, 246
Al-Fanar Goldman Sachs Commodity Fund
  259
Algaoud, L.M. 41, 107, 381, 384, 395, 396, 397
Ali, Muzzam 419
Ali, Salman Syed 326
Allen, F. 316, 318, 321
Almossawi, M. 121, 124
Altunbas, Y. 318
Alvarez, Ana 339
Ambrose, St 67
al-Amine, M.A.M. 135
arbitrage 243–4
arbun see deposits (arbun)
Archer, Simon 283
Aristotle 23, 26, 66, 67–8, 70, 249–50
Arun, T.G. 128
Aryan, Hossein 134
Asad, M. 21
al-Asadi 351
Ashley, W.J. 77
Aspinwall, R.C. 175
asset price risk 145
asset-backed securities 58
Atiyeh, G.R. 25
auditing
  external 333–4
  organizations 334
shari‘a clearance and 332–3
Ayub, Muhammad 162
Aziz, Z. 392, 393
Aziz Akhtar, Z. 126
Baba, R. 396
Bacha, O.I. 92
Backhouse, Roger E. 249, 250
Bahrain
  as global centre for Islamic finance 13,
  384–91, 399
government borrowing 296, 297–8, 299
Islamic banking in 103, 130, 313, 385–7, 386,
  389
securitization in 197–8
takaful industry 411
bai al-tawrid 153, 154
bai bi-thamin ajil see deferred payment
financing
bai ‘muajjal see deferred payment financing
Bakar, Mohd 136, 193
Balduzzi, Pierluigi 240
Baldwin, J.W. 69
Bangladesh, Islamic banking in 96, 105
Bank Negara negotiable notes 167
banking, conventional 117–18, 125
ethical banking 431
government borrowing and 287
Islamic banking compared with 97–9
Islamic banking competing with 5, 121, 122,
  139
banking, Islamic 1, 96, 116, 117–19, 283–4,
  325, 352–4, 392, 401–5
basis of 46–7, 277–9
compared with conventional banking 97–9
performance analysis 99–103
competition with conventional banks 5, 121, 122, 139
developmental characteristics 280–83
emergence of Islamic banks 2–4, 328–9, 401–2
Islamization and 2, 31–2
operations 4–6, 279–80, 386–7
problems and prospects 107–8
profitability 31, 103, 105, 122–3, 382–3
social wellbeing and 34–5, 107, 108, 281–2, 336–9, 367–8
trade financing and 182–3, 186–7
see also individual topics
banking tribunals 334
Bashir, A.H. 32
Bauer, R. 264
Beechey, Meredith 251
Benedict XIV, Pope 66
Berle, A. 341
Bertola, Giuseppe 240
Biais, Bruno 240, 247
Bichler, S. 32
Bigsten, Arne 336
bills of exchange 73–4
Blake, David 244
board of directors 339–41, 345–6
Bokhari, Farhan 269
bonds and securities 101
asset-backed securities 58, 194–7, 288–91, 350
fixed-income securities 287–91
muqarada 120
participation see participation securities
Treasury bills 162–3, 286–7, 295
variable-return securities 291–3
Bossaert, Peter 240, 247
Boyd, J. 315
Briston, R. 263
Brown, Gordon 425
Brown, K. 96, 102, 104
Brunei, Islamic banking in 96
Buchanan, J.M. 26, 35
bundled risk 147
business banking 124–5
Cagamas mudaraba bonds 167
call money market 6, 163
Calvin, John 76, 77
Canada, ethical investment in 264
capital adequacy 102–3
allocation 156–7
capture theory of regulation 16, 140–41
car finance 427
Carhart, M. 267, 268
certificates of deposit (CDs) 163
challenges to Islamic financial community 12, 325–7, 352–4
corporate governance 338–42
equitable distribution of credit 336–8
greater reliance on equity and profit/loss sharing 327–36
hedging and financial engineering 351–2
late settlement of financial obligations 346–7
leasing 347–9
protecting depositors 344–6
prudential regulation and supervision 342–4
securitization 349–51
Chang, C. 315
Chapra, M.U. 2, 26, 32, 151, 153, 326, 328, 339, 341, 342
charitable donations (zakat) 40–41, 97, 107, 261, 281
Charlemagne 69
Choudhury, M.A. 22, 31, 32, 33, 97, 106, 107
Christianity, attitudes to interest/usury 3–4, 64, 328
ban on usury in practice 72–6
compared with Islam 69–72
doctrinal sources 64–9
retreat from prohibition 76–8
sanctions 71
Citibank 119, 125
Cizaka, M. 3
Coase, Ronald 27
Cohn, H.H. 65, 67
collateral 155–6, 217–19
commissioned manufacture (istisnaa) 53, 120, 144, 150, 259, 354
government borrowing and 294
money market instruments 164
project finance and 205–21
basic structural considerations 207–9
collateral security 217–19
equity and debt funding and construction documents 212–14
general documentary definitions 211–12
istsisnaa and parallel istsisnaa structures 220–21
presentation of the structure 209–11
primary shari’a documents for operation and payment 214–17
risk avoidance/elimination 150
trade finance 178
commodity funds 259
commodity futures 153
commodity price risk 145
compensation principle 27
competition 138–9
  with conventional banks 5, 121, 122, 139
foreign bank entry and 105–6
perfect 25
conflicts of interests 130
contracts see financial contracts
Cooper, C. 263
Co-operative Bank 431
cooperative insurance (ta’awuni) model
408–10
Corner, D. 263
cost–benefit analysis, speculation 248–9
incentive compatibility and 86
late settlement of financial obligations 346–7
money market instruments 164
murabaha sukuk 56–7, 195, 290
mutual funds and 259–60
project finance and 224–7
  formation of sharikat mahassa 225–6
murabaha phase 226–7
risk 145
  avoidance/elimination 149–50
securitization and 195, 349–50
trade financing 174–7, 289
costs 101–2, 103
covered bonds 58–9
Cox, S. 397
credit derivatives 151–2
credit risk 144–5
credit-rating agencies 331–2
Crone, P. 3
Crouhy, Michel 151
culture 24
Cumbo, Josephine 424
Cunningham, J. 395
currency forwards/futures 153–4
current accounts 97
customer relationship management 126
Damodaran, Aswath 144
Dar, Humayon A. 85, 424
Dar Al Maal Al Islami 431
Darrat, A.F. 32
Davis, K.T. 105
de Cecco, M. 73
de Roover, Raymond 74, 75, 76
debts
  debt–asset swaps 152
  sale of 349–51
defaulting 346–7
default penalties 73
defered payment financing 176–8, 365–6
  bai bi-thamin ajil 52–3, 197
  bai ’muajal 120–21, 144, 354
DeLorenzo, Y.T. 121, 162, 261, 262, 429
depositors’ associations 346
deposits (ar bun) 88, 91, 92, 93, 155
  risk transfer and 155
deposits in banks 129, 134
certificates of deposit (CDs) 163
debt-structured deposits 313–14
deposit insurance 128, 344–5
displaced commercial risk 146–7
profit-and-loss sharing deposits (investment accounts) 130, 312, 317
protecting depositors 344–6
  swaps 152–3
withdrawal risk 146
derivatives
  incentive compatibility 87–8
  risk transfer 151–2
development see economic growth and development
Devon Bank 427–8, 430
Dhareer, al-Siddiq Mohammad al-Ameen 40
al-Dharir, Siddiq 241
dialectical thought 23
Dicle, Mehmet 107
Diltz, D. 264
directors 339–41, 345–6
discounting 73
displaced commercial risk 146–7
dispute resolution 150
Divine, T.F. 66, 77
double sale technique 75
Dow, James 240, 247
Dow Jones Islamic indexes 242, 251–3, 256, 258, 262, 265–6
Dualeh, Suleiman Abdi 191
Dudley, N. 125
Dunia, Shawqi A. 178
Duri, A.A. 328
Ebrahim, M.S. 87
economic growth and development 32, 277, 336–9, 353, 364, 366
Islamic banks and 10–11, 280–83
Edwardes, Warren 126
efficiency of Islamic banking 96, 108–10
efficiency studies 103–5
foreign bank entry and 105–6
performance analysis compared with conventional banking 99–103
efficient market hypothesis (EMH) 240, 243, 251, 254
Egypt, Islamic banking in 102–3
Einstein, Albert 23
Eisenbeis, R.A. 175
El Diwany, Tarek 43
Elfakhani, Said 265, 267
El-Gamal, M.A. 258, 259, 260
Elliot, R.K. 334
embedded options 154
employees 123, 126, 335
epistemology, Islamic 33
contemporary Muslim reaction 30–32
scholastic period 22–6, 33
world-system 26–30
equilibrium, general 27
ethical banking 431
ethical investment 10, 39, 97, 262–4
Euro Interbank Offer Rate (EURIBOR) 299
European Union (EU), bank regulation in 104
Evans, Hajj Abdalhamid 269
Evans, L. 318
evolution 24, 30
exchange rates 73–4, 153–4, 351
hedge funds 90, 243, 351–2
export credit insurance 369

Fadeel, Mahmoud Nasreddin Ahmed 223
Fahel, M. 265
Faisal Islamic Bank of Egypt 5
Falakta International 265, 269
Fama, E. 318
al-Farabi 22, 23
al-Faruqi, Ismail al-Raji 26, 30
fiduciary risk 146
Fiennes, Toby 421
financial contracts, Islamic 50–53, 85–6, 119–21
implications of agency theory 53–7, 85
incentive compatibility 4, 86–7, 94
creating incentive-compatible structures 88–94
options/forward/derivative contracts 87–8
marketing 116
challenges 122–5
critical evaluation 125
future scenarios 125–6
non-Muslims 125
strategic marketing approaches 121–2
product innovation 14–15, 123, 126, 133–4, 138, 270, 385
risks 146, 147–8, 155
mitigation 149–50
two-step/parallel contracts 150
see also individual products
financial (credit) murabaha 146–6, 189, 289, 320
financial intermediation 328–9
financial leases 348–9
financing rules, Islamic 39–41, 161–2, 260–61, 277–9
Fischel, W.J. 328
fixed-income securities 287–91
foreign investment insurance 369
Foresi, Silviero 240
forward contracts 88, 153–4, 352
France 431
Friedman, M. 34
FTSE Islamic indexes 242, 251, 256, 265–6
futures contracts 40, 88, 153–4
see also advance purchase

Gafoor, Abdul A.L.M. 47
Galassi, F.L. 74
Gale, D. 316, 318, 321
el-Gamal, Mahmoud A. 120
gambling 39, 161, 241, 243–8
Gambling, T. 303
Geczym, C. 264
General Council of Islamic Banks and Financial Institutions 381–2, 390–91
general equilibrium 27
Germany 58, 431
Gerrard, P. 395
gharar see risk, speculation
al-Ghazzali, Imam 21, 22, 26, 35, 36
Girard, E. 264, 267, 268
Glaeser, E.L. 66, 69
globalization 31
Goitein, S.D. 328
Goldreyer, E. 264
Gopal, M.H. 3
Gordon, Garry 240, 247
governance of Islamic banks 128–42, 316–18, 338–42
erosion of Islamic distinctiveness and systemic opaqueness 132–4
independence of shari'a supervisory boards 136–7
indications for increasing emulation of conventional finance 134–6
mutualization and 316–19
profit-and-loss sharing deposits (investment accounts) 130
smoothing returns 130–32, 133
government bonds 101
Islamic 166–7
Treasury bills 162–3, 286–7, 295
borrowing 11, 285–6
capital market resources 287
economics of Islamic instruments 300–301
examples of Islamic financial instruments 296–8
fixed-income securities 287–91
money market instruments 286–7
other instruments 293–4
pricing of government instruments 295–6
rating of Islamic financial instruments 298–300
variable-return securities 291–3
Grameen Bank 337
Gregory, A. 264
Grieb, T. 264
Grief, Avner 329
Grimsey, D. 7
growth see economic growth and development
goals 156
loans 337–8
Guidance Financial Group 429–30
Gürkaynak, Refet 251
Hagerty, J. 321
Hakim, Sam 161, 252, 264
Hall, M.J.B. 85
Hallinan, J. 321
Hamid, H. 395
Hamilton, S. 264
Hanlon, Michael 421
Hansmann, H. 318
Haq, Mohammed Abdel 420
Haq, Nadeemul 292
Haron, Sudin 166
Hasan, Z. 96
Hashim, Hasnita 430
Hassan, Hussein H. 184, 185, 287
Hassan, Khaled 254
Hassan, M. Kabir 1, 96, 97, 104, 105, 106, 107, 109, 251, 253, 256, 257, 260, 261, 265, 267, 268, 384
Hassan, Nik Mustapha Hj Nik 135
Hayes, Samuel L. 150, 161
hedge funds 90, 243, 351–2
Hegazy, I.A. 121
Hegel, Georg 23, 66
Hellenistic philosophy 21, 22, 26, 66, 67
Herzel, Leo 340
Hibbard, J. 321
Hinduism, prohibition of usury in 3
hire purchase (ijara wa iqtina) 52, 177, 347–9
incentive compatibility and 86
trade finance and 177
history, philosophy of 24–5, 29
hiyal 15, 74–5, 134–6, 327, 330
home finance 423–4, 426–7, 428, 429–30
HSBC 423, 425, 430
Hume, David 25
Humud, Sami 311
Hussein, K. 105, 252, 253, 256, 257, 264, 265
Ibn 'Abidin 179
Ibn al-Arabi 26–7
Ibn 'Ashur, Mohammed al-Tahir 246
Ibn Kaldun 24–5, 29
Ibn al-Qayyim, Shamsuddin 250
Ibn Qudama 179, 181
Ibn Rushd 23, 66, 250, 311, 319–20
Ibn Sina 23
Ibn Taimiyyah 27–8
Ibrahim, Hamiza 164
Ibrahim, M. 395
ijara see leasing
ijara wa iqtina see hire purchase
Ikhwan as-Safa 23
immunization of risk 151
incentive compatibility 4, 86–7, 94
creating incentive-compatible structures 88–94
options/forward/derivative contracts 87–8
income conversions 74
Indonesia, Islamic banking in 96
inflation 27
innovation, financial 14–15, 123, 126, 133–4, 138, 270, 385
insolvency 128
instalment sale 176–7, 365–6
insurance 40
deposit insurance 128, 344–5
export credit insurance 369
foreign investment insurance 369
reinsurance 370
see also takaful
interest (riba, usury) 32, 34
Christian attitudes 3–4, 64
ban on usury in practice 72–6
compared with Islam 69–72
doctrinal sources 64–9
retreat from prohibition 76–8
sanctions 71
conventional banking 97
disposal of 282
Islamic prohibition of riba 2–3, 38, 39, 41–7, 50–51, 161, 319–21, 404–5
compared with Christian attitudes 69–72
nature of riba 42–4, 193, 223, 319–21
Razi’s five reasons 45–6
revisionist views 44–5
Index 439

mutual funds and 258–9
project finance and 206–7, 211, 228–9
basic structural considerations 196, 207–9
collateral security 217–19
equity and debt funding and construction
documents 212–14
general documentary definitions 211–12
presentation of the structure 209–11
primary shari‘a documents for operation
and payment 214–17, 349
securitization and 196, 197–8
Lechner, Alan 334
legal risk 146
lender of last resort 108, 145, 335–6
Leo the Great, Pope 66
Levin, D. 264
Levine, Ross 128
Lewis, M.K. 1, 6, 7, 41, 97, 105, 107, 381, 384,
395, 396, 397
liability swaps 152
liberalism 35
liberty, natural 24, 27
lines of financing 366–7, 372
liquidity 6, 101, 103, 107, 145
loans 101, 364
loan guarantees 156, 337–8
London Interbank Offer Rate (LIBOR) 58,
145, 234, 299, 313
Lopez, Robert Sabatino 71
loss
compensation for (interesse) 73
profit and loss sharing 47, 49–50
assessment 60–61
theory and practice 57–60
reserves 156
Luther, Martin 76, 77
Luther, R. 263, 264
luxury items 39
Mace, Myles 339
Mahdi, M. 24
Maimonides, Moses 68
Malaysia
as centre for Islamic finance 13, 391–7, 399
government borrowing 296–7, 298
Islamic banking in 105, 108, 126, 135, 391–3,
401–2
money market 164, 165–8, 393
securitization in 197
takaful industry 394, 408, 413–15
Mallin, C. 263
management see governance of Islamic banks
managers 341–2
Mannan, M.A. 40, 401
al-Maqrizi 351
market risk 145, 148
marketing of Islamic financial products 5, 116
challenges 122–5
critical evaluation 125
future scenarios 125–6
mutual funds 268–70
to non-Muslims 125, 269–70
strategic marketing approaches 121–2
markets
creation of Islamic markets 335
intervention in 27
al-Markizi 27
mark-up financing see cost-plus financing
Maroun, Youssef Shaheed 419
Martin, J. 124
Marx, Karl 23, 27
Masud, M.K. 28, 287
Matatko, J. 263, 264
Matthews, R. 258
maysir see gambling
McQueen, Grant 253
Means, G. 341
Meckling, W. 341, 545
Melton, J. 263
Metawa, Saad A. 121, 124
Metwally, M. 32
Micaela, R. 317
micro enterprise funding 337–8
Miles, G.C. 351
Miller, M.H. 288
Mills, Paul 326
Mirakhor, Abbas 292
al-Misri, Rafa‘q Yunus 345, 351
Modigliani, F. 288
Molyneux, P. 318
money
endogenous 31, 34
monetary stability 249–51
monetary standard 27
money market instruments 7
government borrowing and 286–7
Islamic 163–9
traditional 162–3
Montagu-Pollock, M. 123, 125
moral hazard 56–7, 85, 314
Morck, Randall 339, 340
Morris, Stephen Shin 240, 247
mortgages 423–4
al-Mu‘aq 181
mudaraba see trust financing
Muljawan. D. 85
multinational corporations (MNCs) 124
mura‘aba see cost-plus financing
Musa, Mazilan 135
musharaka see partnership
Mutawalli ad-Darsh, Shaykh Syed 404
Mutazzilites 23, 33
mutual funds 9–10, 256, 270–71
basics of Islamic funds 256–60
commodity funds 259
equity funds 257–8
ijara funds 258–9
mixed funds 260
murabaha funds 259–60
empirical assessment of Islamic funds 264–8
fundamentals of Islamic investing 260–61
general description of ethical funds 262–4
governance and control of Islamic funds 261–2
marketing and distribution of Islamic funds 268–70
mutualization of Islamic banks 318, 321–2
debt and equity in Islamic banking 314–16
governance and regulation considerations 316–19
historical background 310–11
possibility of debt-structured deposits 313–14
problematic investment account structure 311–13
religious considerations 319–21
M’Zali, B. 264
Nabi, Malek Ben 30
Nadwi, Ali Ahmed 287
Naqi, S.N.H. 32
Nasr, S.H. 35
Nathan, D. 393
natural law 67
natural liberty 24, 27
Nelson, Benjamin 65, 77
neoliberalism 21, 22, 33, 35
netting arrangements 150–51
Neusner, Jacob 3
Nienhaus, Volker 16
Nitzan, J. 32
Nordaus, William 240
Obaidullah, M. 92, 251
O’Hara, M. 318
al-Omar, Fuad 420
Omar, Mohammed A. 176
Omran, Mohammed 252, 256, 257, 264, 265
on-balance sheet netting 150–51
operating lease 348
operational efficiency of Islamic banks 4–5, 96, 108–10
efficiency studies 103–5
foreign bank entry and 105–6
performance analysis compared with conventional banking 99–103
operational risk 146
options contracts 88, 154–5
Orlitzky, M. 263
Otten, R. 264
Pagano, Marco 240, 247
Pakistan
government borrowing 297, 299
Islamic banking in 96, 104, 130, 134
Paracha, Mohammed 421
parallel contracts 150, 155
Pari, M. 317
participation securities (sukuk) 53, 54–7, 59, 60, 135–6, 292–3, 311, 326
government borrowing and 292–3, 297–300
money market instruments 165, 169, 335
project finance and 227–31
generic sukuk al-ijara structures 165, 228–9, 298
generic sukuk al-mudaraba structures 229–31
partnership (musharaka) 3, 51, 75, 120, 138, 144, 157, 162, 326, 328, 330, 354
government borrowing and 292–3
incentive compatibility and 86
money market instruments 164
musharaka sukuk 56, 298
trade financing 178–83
Patinkin, D. 64
Paul, St 77
penalty clauses 150
perfect competition 25
Pfeiffer, David 425
Philippe de Commines 75
Plantinga, A. 264
Plato 66, 67
Posner, R. 263
poverty alleviation 367–8
predestination 23
Prentice, D.D. 339
Presley, J.H. 4, 46, 326
Presley, J.R. 85
principal protected funds (PPFs) 155
private sector 370–71
privatization 372
profits
profit and loss sharing 3, 47, 49–50, 106–7, 122–3, 162, 326, 328
assessment 60–61
profit-and-loss sharing deposits (investment accounts) 51, 52, 98, 130, 312, 317, 345
theory and practice 57–60
Index

trade financing 180, 181–2, 183–7
see also individual methods; partnership (musharaka); trust financing (mudaraba)
profitability of Islamic banks 5, 31, 103, 105, 122–3, 282–3
smoothing returns 130–32, 133
project finance 7–8, 200–201, 231–2, 364
analysis 202–3
conventional structures 203–4
Islamic 204–5
istemisnaa and parallel istismaa structures 220–21
istemisnaa-jara structures 205–19
mudaraba structures 221–4
sharikat mahassa-murabaha structures 224–7
sukuk structures 227–31
Prowse, Stephen 339
Qadir, C.A. 21
al-Qaradawi, Yusuf 70, 261, 351, 409
gard hasan 153, 164, 168, 194, 294, 297, 328
Qasem, Bashar 269
Qatar, Islamic banking in 102, 103
quality management 126
Qureshi, Anwar Iqbal 2
Rabinovich, L. 67
Rahman, Afzalur 409
Rahman, F. 30, 44
Rahman, S. 87
Rahn agreements 168
Rangaswami, K. 3
Rashidian, Manoochehr 161, 252, 264
Rasmussen, E. 318
rationalism 27
Islam and 21–2, 33, 35, 402–4
scholastic period 22–6, 33
rational bubbles theory 251
Rauch, James E. 329
Razi, Muhammad Fakr al-Din 45–6, 70
regulation of banking 12, 102, 104, 106–7, 108, 110, 123, 342–4, 385
capture theory of regulation 16, 140–41
mutualization and 316–19
reinsurance 370
rent charges 74, 75
reserves, loan loss reserves 156
Resnick, S.A. 23, 27
Reyes, M. 264
Reynes, S.L. 263
riba see interest
Rida, Muhammad Rashid 44
risks 155–7, 230, 330–31
assessment 107
avoidance/elimination 149–51
in different modes of Islamic modes of financing 147–8
gambling 246–7
management 6, 144, 148–9, 155–7
mitigation 149
transfer 151–5
types 144–7
Roll, E. 66
Romer, P.M. 32
Rosly, S.A. 135
Russell, Bertrand 66
Saadouni, B. 263
Saati, Abdel Rahim 241
Saeed, A. 5, 42, 311, 314, 315, 317
salam see advance purchase
Salamon, Hussin 135
sale and buy-back agreements 167
securitization and 195
sale of debts 349–51
Saleh, Nabil A. 177
Samuelson, P. 240
Sanusi, M.M. 135
Sarker, Abdul Awwal 96, 97
Saudi Arabia
Islamic banking in 103, 281–2
mutual funds 260, 269
stock exchange 242
takaful industry 408, 411
Sauer, D. 264
saving 32, 85, 97, 129
scale economies 105
Schacht, J. 42, 72, 74, 75, 330
Schatzmiller, Maya 328
Scheinkman, J.A. 66, 69
Schlegelmilch, B. 263
Schleifer, A. 339, 341
Schmidt, F.L. 263
scholastic period of Islamic thought 22–6, 33
Scholtens, B. 264
securities see bonds and securities;
participation securities
securitization 7, 191, 198, 349–51
basic structure 191–3
Islamic alternative 184–7, 194–8, 227–31, 349–51
Islamic evaluation of conventional securitization 193–4
security (collateral) 155–6, 217–19
Sen, A. 28
senior management 341–2
Sessions, J. 4
Shabbir, Muhammad 194
Shape Financial Corporation 428–9
shari’a courts 334
Shari’a Supervisory Boards 6, 41, 97, 121, 129, 142–3, 270–71, 305–6, 332–3
changing attitudes 137–41
independence 136–7
mutual funds 262
sharikat mahassa see joint ventures
al-Shatibi, Abu Ishaq 245
Shatibi, Imam 28
Sidani, Yusuf 265, 267
Siddiqi, M.N. 26, 39, 187, 264, 279, 283
Siddiqi, S.H. 47
Skully, M. 102, 104
Smith, Adam 27
Smith, B. 315
Smith, Duncan 423
smoothing returns 130–32, 133
social Darwinism 27
social theories, Islamic 26–30
social wellbeing, Islamic banking and 34–5, 107, 108, 281–2, 336–9, 367–8
socially responsible (ethical) investment 39, 97, 262–4
Song, Hyun 240, 247
stock exchange 8–9, 242–3, 254
definition of excessive speculation 248–9
empirical literature 251–4
as gambling 243–8
money making and monetary stability 249–51
Stambaugh, R. 264
stamp duties 108, 421
standardization 139, 342
see also accounting standards
Staniland, M. 23
Statman, M. 264
Stiansen, Endre 134
Stigler, G.J. 6, 16
stock exchange 8–9, 240–41
efficient market hypothesis (EMH) 240, 243, 251, 254
Islamic 241–2, 243, 336, 394
Dow Jones Islamic indexes 242, 251–3, 256, 258, 262, 265–6
FTSE Islamic indexes 242, 251, 256, 265–6
speculation problem 8–9, 242–3, 254
definition of excessive speculation 248–9
tawhidi (Oneness of God) methodology 2, 22, 26, 33, 34, 35, 36
tawhidl (Oneness of God) methodology 2, 22
Tag el-Din, Seif I. 241, 247, 253, 254
Taheri, Mohammad Reza 134
takaful (Islamic insurance)
industry 14, 394, 405–8, 416–17
models 408–18
diversified model 416–17
ta’awuni model 408–10
tijari model 413–16
wakala model 411–13
tawhidl (Oneness of God) methodology 2, 22
Taxation 106, 217
stamp duties 108, 421
temin, Peter 72
theology 25–6
Thomas, Abdulkader 228, 429
Thomas Aquinas, St 66–7, 68
Thomson, J.A.K. 68
Thomson, James 156
Thorley, Steven 253
trade financing 7, 31, 172–3, 245, 246, 289, 328, 367
definition 172
demand for 172
export credit insurance 369
Islamic framework 173–8, 187–8, 188
market financing 183–7
participatory finance 178–83
supply
in interest-based environment 172–3
in Islamic framework 173
trading-based securities 290
Treasury bills 162–3, 286–7, 295
tribunals 334
empirical literature 251–4
money making and monetary stability 249–51
structural finance 59–60
Stulz, R.M. 4
subsistence levels 40–41
substitution, marginal rate of 32
Sudan
government borrowing 298
Islamic banking in 104–5, 108, 134
takaful industry 408, 409
trade financing 182
sukuk see participation securities
Sundararajan, V. 343
supply sale (istijra) 91–2, 93–4
swaps 152–3
Sweden, ethical investment in 263
Sykes, Allen 340
Tag el-Din, Seif I. 241, 247, 253, 254
Taheri, Mohammad Reza 134
takaful (Islamic insurance)
industry 14, 394, 405–8, 416–17
models 408–18
diversified model 416–17
ta’awuni model 408–10
tijari model 413–16
wakala model 411–13
social Darwinism 27
social theories, Islamic 26–30
social wellbeing, Islamic banking and 34–5, 107, 108, 281–2, 336–9, 367–8
Index 443

Triodos Bank 431
trust financing (*mudaraba*) 3, 51–2, 75–6, 85, 119–20, 129, 132, 144, 157, 162, 194, 310, 326, 328, 330, 354
incentive compatibility and 87
money market instruments 164, 166, 167
*mudaraba sukuk* 55
project finance and 221–4, 229–31
trade financing 179, 180, 184–5
Tullock, G. 35
Turcotte, M.F. 264
Turkey, Islamic banking in 103
Turner, J.D. 128
two-step contracts 150

Udovitch, Abraham L. 328, 329, 330
Umar, Caliph 43
undertakings to sell/buy (*wa’d*) 88
United Arab Emirates, Islamic banking in 130
United Bank of Kuwait 421
United Kingdom
ethical investment in 263, 264
Islamic banking in 14, 119, 398–9, 419–25, 430, 431
London as Islamic finance centre 13–14, 397–9
United National Bank 425
United States of America
bank regulation in 317
ethical investment in 263, 264
Islamic banking in 14, 419, 425–30
mutualism in 318
project finance in 205–6, 208, 210, 217
universe, theory of 22–3
Usmani, Mufti T. 257, 258, 259, 260, 261
utilitarianism 22, 23
Uzair, Mohammad 310

Valpey, F.S. 261
values, endogeneity of 25
variable interest rates 45
Ventelou, B. 32
Vishny, R.W. 339, 341
Vogel, Frank E. 150, 161
Voth, Hans-Joachim 72

Wadia inter-bank acceptance 166
Waliullah, Shah 29
Walras, Leon 27
Walzer, R. 22
Warde, I. 258, 259, 317
Weber, Max 77
When Issue 167
Whitfield-Jones, Clive 421
Williams, B. 105
Willingham, J.J. 334
Wilson, R. 162, 397, 398, 420, 425
withdrawal risk 146
Wolff, R.D. 23, 27
Womack, K. 317
World Trade Organization (WTO) 242
Wright, C. 125

Yaacob, Abdul Monir 164
Yaqub, Sheikh Nizam 270, 429
Ymbert de Batarnay 75
Yousri Ahmad, A.R. 87
Yunus, Muhammad 337

Zaher, Tarek 104
*zakat* (charitable donations) 40–41, 97, 107, 261, 281
zero coupon bonds 45
zero-return instruments 294
al-Zuhayli, Majalat al-Ahkam 206, 221, 248
al-Zuhayli, W. 404